

26 March 1976

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MEMORANDUM FOR: Mr. Knoche [redacted]

SUBJECT : Comments on Lehman's National Production
Paper

1. The following comments on Dick Lehman's paper are
the result of inputs from [redacted]

[redacted] and myself. With the exception of
the one point made below, which is important enough to be
added to the discussion (pages 1-21), our main comments
are on the options (models) and their presentation to the
DCI meeting with Duckett, Proctor, Lehman, and yourself.

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2. Dick has pointed out the NIOs tend to be pre-
occupied with immediate policy support and lack the collegial
interaction to provide attention to longer range concerns.
The substantive impact of this is clear. However, there is
also profound impact upon resource considerations. The
absence of substantive attention to longer range concerns
fails to provide a substantive base for resource decisions
involving new investment and shifts in current operating
funds where lead times are from three to seven years or even
longer, in some cases of advanced technical systems. The
DCI Perspectives and National Intelligence Priorities (DCID 1/2)
which relate to longer range concerns are only as strong as
the substantive treatment in outyear estimates. The production
managers are more sensitive to the longer range aspects since
they must plan their own resources to meet future needs.
This thought might be added to the evaluation of the NIO
system on pages 9-10.

3. The presentation of the options (models) beginning
on page 21 can be improved to ease the DCI's and others'
ability to focus on one option at a time and its pros and
cons. To this end, it is suggested that the diagram for each
option appear on one side of the page with the listing of
pros and cons on the other. As it is now, one has to go back
to the discussion section of the paper and assemble the pros
and cons for each model. For example, in Model I:

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| <u>Pros</u> | <u>Cons</u> |
|---|--|
| -- Minimum disruption in the present system. | -- Production management problem remains, e.g., divided authority |
| -- External and internal review weakness are addressed through modifications to system. | -- Review process is still weak and tends to be ad hoc. |
| -- Minor modifications of NIO missions improve structure. | -- Preoccupation with immediate issues and lack of longer range concerns still dominant tendency. -- The NIO structure lacks a common discipline. |

4. The DCI will almost surely ask which option you (and the others) prefer. Thus, the rest of this paper is devoted to the selection of a preferred option and the reasons for the preference with respect to Dick's other options.

5. Model I is the present system with some modifications. However, as Dick points out none of the modifications are designed to do anything about the key problem of divided authority in production. To this degree it can be argued that Model I is incomplete. To strengthen the Model (which we will call Model 1A) we suggest the following:

a. Production Management

The NIO sponsoring a given estimate will operate according to a set of fixed rules. He will have the responsibility to decide which agency (production center) he wishes to task to have the production responsibility for the drafting and coordination of the estimate.

Under these rules the NIO cannot request a drafter from a production manager (however, he may request that a given analyst be assigned to the drafting if convenient to the manager).

The draft and its coordination with other Community producers thus becomes the responsibility of production managers who have complete control over their analytical assets.

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Aside from scheduled national papers, the NIO request for a non-scheduled paper should be subject to review by the production managers. If the production managers disapprove, the NIO would have the right to appeal to the DCI. This is not likely to occur with any frequency.

b. Strengthening the NIO Structure

For all national intelligence papers, the NIOs would be responsible for drafting the terms of reference with review by the production managers and/or the USIB follow-on.

The NIOs would still have responsibility for the final national paper subject to review by the USIB follow-on and final approval by the DCI.

6. As in Dick's Model I, the NIO structure would be modified adding the three generalist positions, adding another assistant in selected cases and consolidating the five assignments as recommended.

7. The NIOs would be organized for collegial review purposes into an NIO Board which would review all terms of reference and primary national intelligence papers. The Chief NIO would chair the Board.

8. The Chairman would also develop a listing of outside consultants which he could call upon to join the Board for select issues or papers.

9. Substantive planning requirements and priorities (such as DCI Perspectives and DCID 1/2) would be structured and drafted by the Intelligence Community Staff and reviewed by the NIO Board. This would further relieve the detailed workload on the NIOs but still provide them with final substantive review of the planning requirements. (I have attached a paper by [redacted] which enlarges on this problem of NIO/IC interfaces.)

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10. Model IA, as developed above, is our preferred option (see attached diagram with pros and cons). Models II and III are also designed to provide solutions to deficiencies in the present NIO structure. However, each solution appears to us to develop new outstanding deficiencies.

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11. Model II attempts to create a more ecumenical national production organization through the auspices of a National Intelligence Steering Group controlled by the primary producers. It is difficult to see how the tendency for log rolling and constant bickering for control over drafting could be avoided in such a group. Model II also denies the NIO structure any meaningful responsibility for review of the final product. It certainly appears to be an NIO Board denuded of any real power in the national intelligence process.

12. Dick says Model III is the simplest and most efficient of those presented. Perhaps so, but under it Defense and State producers must accept CIA control and domination of the national production process. As in the case of Model II, the NIOs are again relegated to a far lesser role in the national production process.

13. Model IV may be a necessary option for other purposes, but a return to the past cannot, we suggest, be taken seriously.

14. Model V, as a radical solution, has much merit. However, it should be recognized as requiring a major reorganization effort and the first step in the direction of a National Intelligence Production Agency. If the DCI wants to go in this direction, we suggest the interim organization under Model IA, and the establishment of a serious task force dedicated to the submission of a detailed plan and implementation procedure for Model V.

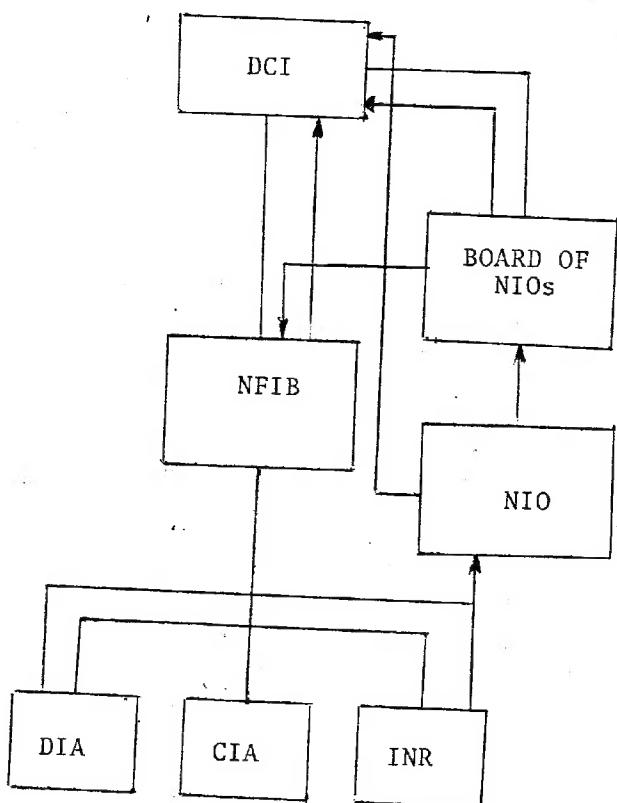
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Attachments: (2)

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MODEL IA

Attachment I



— Drafts
— Advice & Consultation

PROS

- Minimum disruption
- Production managers control of drafts strengthened
- NIO structure modified to increase breadth and address current deficiencies
- NIO Board review established to increase collegiality and check preoccupative tendencies with current policy issues
- Provisions made for increased scope in review procedures

CONS

- NIO workload still too great
- Interfaces with IC Staff could present problems unless worked out beforehand

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Attachment II

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IC 76-2268
23 March 1976

MEMORANDUM FOR: Executive Assistant to the Deputy to the
DCI for National Intelligence Officers

FROM: [redacted] 25X1

Deputy Chief, Product Review Division,
Intelligence Community Staff

SUBJECT: The NIO/IC Staff Relationship

1. In relation to our discussion the other day with George, let me specify the areas where I think the IC Staff and the national production entity are closely interrelated. These are in respect to planning requirements and priorities, national substantive requirements and priorities, consumer needs, product evaluation, and warning and crisis problems. Let me add a few comments on each of these. I use the term NIO to indicate the follow-on national production entity.

2. Planning Requirements and Priorities. By planning requirements and priorities I mean such things as the Perspectives, National Objectives, and DCID 1/2. In the past, both the NIO system and the ICS have handled the Perspectives and the Objectives (with the NIOs taking care of those sections dealing with substantive intelligence). DCID 1/2 has been formulated by the IC Staff. It now seems possible that the CFI might wish to become entangled in these areas. Mr. Bush stated at one of the early CFI meetings that the CFI will issue guidance and priorities in respect to national intelligence. I don't know how that will come out, but clearly the IC Staff and the NIOs will still be involved in these enterprises. While the lead on the Perspectives or something akin to that document should be taken by the national intelligence system, we think that our CFI support mission may make it necessary for us to be involved in more than an incidental way. I would expect that DCID 1/2 would continue to fall on the IC Staff.

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3. National Substantive Requirements and Priorities. This subject breaks into two: first, those general requirements such as the KIQs and, second, the more operational type requirements that are best called operational tasking requirements. If the IC Staff is to be involved in evaluating performance against a "KIQ system," we think it necessary that we be involved in the drafting of the KIQs themselves, primarily to assure that they are so written as to facilitate the evaluation process. One of the things which made evaluation of the KIQ system difficult was the lack of priority. We think it would be very useful to develop some means of associating priorities for issues of the KIQ type. As the spokesman for the Community and the CFI, we probably have some position to play in that prioritization process. In the more general area of KIQ performance where the IC Staff does have a direct role, the position of the strategies and the NIO evaluations of performance also necessitates close attention. The Staff also is prime on all procedural aspects and evaluation of collection tasking.

4. Consumer Needs. As George stated, the national intelligence group is a key player in formulating the body of consumer needs. NIOs are in daily contact with the consumer, close to policy, and can best reflect significant consumer/user problems. There is another type of consumer, however, where the IC Staff plays a role--that is with producer components and with staff supporting elements to the principal policy officers. In addition, we do become appreciative of policy consumer needs in carrying out our evaluation responsibilities. For example, our post-mortem studies invariably lead us to the consumer and his judgment of both crisis reporting and his particular needs as a decision maker during the crisis. Accordingly, the IC Staff should be a part of any procedures formally assessing or expressing consumer needs.

5. Production Evaluation. Although the mission for product assessment, product review and the evaluation of general intelligence performance clearly rests with the IC Staff, the NIO and every producer component will be evaluating its own product in the normal course of events. The IC Staff has always felt that it should use the NIO annual evaluations of interagency performance as the base of its studies, adding to it our "outsider's" appreciation of performance. That has to continue and, in fact, good IC evaluations depend upon hard, constructive evaluations of the NIOs. The job here is to develop agreed evaluating criteria.

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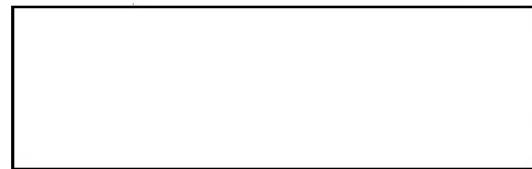
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6. Warning and Crisis. George suggested that, in his view, warning and crisis might properly fall under the national entity. I think we have to discuss that concept further. Certainly the assessment of indicators, situation reports, and analyses of crisis, both before and during the crisis itself, all are properly in the area of national product. We in the IC Staff have been more concerned with the interagency mechanisms for timely intelligence warning and reliable crisis support-- those things that tend to tie the operations centers together, develop and implement interagency procedures and methods, assure that equipment is available for information reporting, and see that collection tasking is getting proper attention in all areas of national and tactical activities. In addition we have differing responsibilities regarding the SWS and Alert Memos. I think there are enough problems in the indication and crisis area to lead both the IC Staff and the NIOs in their own directions for some time. But there has to be continual contact on what the other is doing in order that support to the DCI in the event of crises is timely and adequate.

7. I would like to add one other thought concerning the "KIQ system" in addition to the suggestion of priority ordering. I think we should address what we have found to be a basic problem in the KIQ system-- the lack of attention to those areas of intelligence that are adequately covered and therefore do not need a KIQ but all the same must be given priority attention by the intelligence system. If one takes, for example, strategic weaponry, he will find that the KIQs for 1975 listed some very specific problems that had been dogging us for years. In fact, the KIQ strategies tried to give particular emphasis to collection systems to answer those issues. No one meant by prioritizing those issues to cut off efforts against ongoing intelligence monitoring of other Soviet strategic activities which were traditionally well reported, but the tendency is there when such agencies as NSA try to tune their collection systems to the key issues covered by the KIQs. We want to be certain that the same priority that had been given to the "well-covered" activities continues while the other KIQ areas also get priority attention. This suggests to me that, presuming we develop a priority system for KIQ type issues, the priorities include those other areas that should not be affected in the shifting of assets to assure the best performance against the KIQs themselves.

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8. I take credit for all of the above and, at this stage, these thoughts have not been staffed within the IC. I would like you to consider them conceptually and then let's meet to see if we can develop some specific proposals for George and Hank.



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